



# SAULT STE. MARIE AREA PUBLIC SCHOOLS

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January 10, 2005

Dear State Board of Education Members:

I am writing as part of an effort to inform you and others about the strain Michigan's financial crisis has placed on Sault Ste. Marie Area Public Schools. Two consecutive years of decreased funding added to this year's frozen funding, if it holds, have had a devastating effect on our district's programming. Our goal has been for students not to have to worry about finances. Consequently, we have cut the budget in as many areas as possible outside of classrooms. This approach is only effective for very short periods of time and we are now cutting classrooms.

The following is a list of major cost cutting measures we have undertaken over the past two years:

- Reduced the number of employees by 10%
- Established insurance caps where all employees pay a portion of health insurance
- Reduced salaries for administrators
- Delayed major curriculum purchases
- Eliminated major technology expenditures
- Reduced bus purchases by more than half
- Reduced the number of school days
- Closed one elementary building
- Reduced the number of work days and pay by 10-20 days for administrators, secretaries, maintenance, transportation, food service, and technology employees
- Reduced athletics budget by \$90,000

The above short-term measures still did not resolve the budget crisis and we have supplemented with the district's fund equity. This fund equity will be depleted either next year or shortly thereafter leaving us with no additional options.

The measures we have undertaken have been very difficult for our school family and community. They represent many contradictions. We have been forced to cut curriculum funding and oversight in a time when accountability has never been higher. We have delayed major maintenance on our buildings, four of which are more than 55 years old. We have delayed school bus purchases when our district is 315 square miles. We have closed an elementary school and will likely close another this year when we know small, neighborhood schools are most successful. We have eliminated major technology expenditures when technology is our link to the rest of the world. We have reduced the number of school days when we should be looking to expand our school year. We have made cuts in important programming when we know that kids are losing

opportunities. We are becoming less attractive to members of our public, many of whom choose to attend a local charter school that is funded at three times our rate, according to MDE's Bulletin 1014.

Health insurance costs are swiftly draining our district dry. Although the cost of health care is a bigger issue, I applaud efforts to allow K-12 districts to utilize the state employee health insurance and would support making public school employee enrollment mandatory.

Retirement costs are functioning as a tax to our district. Proposal A gave districts the responsibility to fund the retirement system and really just shifted the tax burden. This year, we are contributing 14.87% of each employee dollar to the retirement system. This percentage will rise next year. I can't educate one child with the money that is taken for the retirement system from what the State of Michigan sends me to operate this district.

Public school districts are at the mercy of the State of Michigan for operational funding. The districts in the Eastern Upper Peninsula Intermediate School District attempted to pass an enhancement millage this past fall to save some of our programs. It failed for many reasons, but the main reason was that the law requires dispersal to be made on a per pupil basis. Differences in property values would have resulted in some districts receiving ten cents for every dollar they paid in property taxes. The inability to seek additional support locally, the complete reliance on the foundation allowance, the cost of health insurance, and retirement costs all result in a lack of any control over the situation. We only control what to cut making it very difficult to meet the goals of NCLB and Education YES!

All of the efforts described above have been enacted to keep the district solvent. They are short-term solutions to survive a very difficult budget period. We need increased funding immediately to avert further erosion of our educational programming. In short, we are planning to apply band-aids to our budget for a third consecutive year. We need a long-term solution to the funding crisis and we must rebuild our programming. We need to make decisions based upon what is best for kids.

Thank you for the opportunity to share what is happening in our district.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dr. Reattoir", written in a cursive style.

Daniel J. Reattoir, Ed.D.  
Superintendent of Schools